GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:21
ANSWERED ON:20.10.2008
REMUNERATIVE PRICES TO FARMERS
Renge Patil Shri Tukaram Ganpatrao;Vasava Shri Mansukhbhai D.

Will the Minister of AGRICULTURE be pleased to state:

(a) whether in the absence of adequate reforms in the agricultural sector, the farmers are not getting remunerative prices for their crops and maximum benefit is cornered by brokers and middlemen;

(b) if so, the details thereof and reaction of the Government thereto;

(c) the steps taken by the Government to save farmers from touts, money-lenders and landlords and to provide adequate remunerative prices to them;

(d) whether the Union Government has conducted any study to know whether the farmers have been adequately benefited from the schemes undertaken by the Government; and

(e) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 21 DUE FOR REPLY ON 20TH OCTOBER, 2008.

(a) & (b): In order to facilitate better price realization by the farmers through improved marketing opportunities, Government has taken a number of initiatives to implement market reforms in Agriculture. Government of India had formulated a Model Agricultural Produce Marketing (Development & Regulation) Act (APMC Act) and circulated to all the States/UTs in 2003 for making necessary amendments in their respective APMC Acts for bringing efficiency in the existing marketing systems and allowing the private markets and development of alternative marketing channels, such as, direct marketing, contract farming, e-trading etc. The details of the progress of reforms are given in the Annexure. To facilitate the implementation of amended provisions, the Central Government has also formulated Model APMC Rules and circulated to the States/ UTs for adoption in November, 2007. So far, the State Governments of Andhra Pradesh, Madhya Pradesh, Rajasthan, Maharashtra, Orissa, Himachal Pradesh, Haryana and Karnataka have notified their amended APMC Rules whereas Madhya Pradesh and Haryana have partially amended the rules. Since agriculture marketing is a State subject, it is for the State Governments to amend the APMC Act, wherever required, to provide for alternate marketing channels to the farmers through direct marketing, contract farming and setting up of markets in cooperative and private sector to enable them to decide the channel which provides the best remunerative price for the agricultural produce.

(c): With a view to eliminate the role of middlemen and to facilitate remunerative prices to farmers, the Ministry of Agriculture has initiated the following schemes to disseminate price related information and to strengthen the agricultural marketing infrastructure to promote alternate channels of marketing to the farmers:

(i) The Ministry of Agriculture has launched the IT based Central Sector Scheme of Marketing Research and Information Network in March, 2000 to establish a nation-wide information network by providing electronic connectivity to important Agricultural Produce Markets spread all over the country, State Agricultural Marketing Boards and Directorates. The scheme was introduced with the objective to collect and disseminate prices and market related data for its efficient and timely utilization by the producers, traders and consumers to derive maximum advantage out of their sales and purchases, and to increase efficiency of marketing by effective improvement in the existing market information system.

(ii) A capital investment subsidy scheme titled 'Construction of Rural Godowns' w.e.f. 01.04.2001 is also being implemented. Under the scheme, subsidy is provided @ 15% to 25% depending upon the entrepreneur and 33.33% for North East, Scheduled Castes/ Scheduled Tribes entrepreneurs. The main objectives of the scheme include creation of scientific storage capacity with allied facilities in rural areas to meet various requirements of farmers for storing farm produce, processed farm produce, agricultural inputs, etc., and prevention of distress sale by creating the facility of pledge loan and marketing credit.

(iii) The Ministry of Agriculture is also implementing a reform linked Central Sector scheme for "Development/ Strengthening of

Agricultural Marketing Infrastructure, Grading and Standardization". Under the scheme, investment subsidy is provided @ 25% on the capital cost of the marketing infrastructure development project for each project in all States and @ 33.3% of capital cost for each project in case of North Eastern States, hilly areas and to Scheduled Castes/ Scheduled Tribes entrepreneurs. In respect of infrastructure projects of State Governments/ State Agencies, there is no upper ceiling on subsidy to be provided under the scheme.

(iv) An initiative has been taken to promote modern terminal markets for fruits, vegetables and other perishables in important urban centres of the country. These markets would provide "state-of-the-art infrastructure facilities" for electronic auction, cold chain and logistics and operate through primary collection centres conveniently located in producing areas to allow easy access to farmers. The terminal markets are envisaged to operate on a "hub-and-spoke" format wherein the terminal market (the hub) would be linked to a number of collection centers (the spokes), conveniently located in key production centers to allow easy access to farmers for the marketing of their produce

(v) The Government also fixes Minimum Support Prices (MSPs) for major agricultural commodities and organizes purchase operations through public and cooperative agencies. The Government decides on the MSPs for various agricultural commodities taking into account the recommendations of the Commission for Agricultural Costs and Prices, views of the state governments and other relevant factors.

(d) & (e): There is no specific study covering all the schemes. However, the MSP operations undertaken by the state designated agencies have helped in maintaining a reasonable price level in the market benefitting the farmers, apart from providing direct price support through their purchases from the market.